

REFERENCE TITLE: ASRS; terminated employees; contribution refunds

State of Arizona
House of Representatives
Forty-seventh Legislature
Second Regular Session
2006

HB 2101

Introduced by
Representatives McClure, Burton Cahill

AN ACT

AMENDING SECTIONS 38-740 AND 38-742, ARIZONA REVISED STATUTES; MAKING AN APPROPRIATION; RELATING TO THE ARIZONA STATE RETIREMENT SYSTEM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 38-740, Arizona Revised Statutes, is amended to
3 read:

4 38-740. Return of contributions

5 A. EXCEPT AS PROVIDED IN SUBSECTION B, any member who leaves
6 employment other than by retirement or death may elect to receive a return of
7 the contributions as follows:

8 1. If the member has less than five years of credited service, the
9 member shall receive the member's contributions.

10 2. If a member has five or more years of credited service, the member
11 shall receive the member's contributions and an amount equal to a percentage
12 of the employer contributions paid on behalf of the member. The percentage
13 of employer contributions paid on behalf of the member shall be as follows:

14 (a) 5.0 to 5.9 years of credited service, twenty-five per cent.

15 (b) 6.0 to 6.9 years of credited service, forty per cent.

16 (c) 7.0 to 7.9 years of credited service, fifty-five per cent.

17 (d) 8.0 to 8.9 years of credited service, seventy per cent.

18 (e) 9.0 to 9.9 years of credited service, eighty-five per cent.

19 (f) 10.0 or more years of credited service, one hundred per cent.

20 3. Interest on the returned contributions as determined by the board.

21 B. ANY MEMBER WHO IS EMPLOYED AFTER THE EFFECTIVE DATE OF THIS
22 AMENDMENT TO THIS SECTION AND WHO LEAVES EMPLOYMENT OTHER THAN BY RETIREMENT
23 OR DEATH MAY ONLY ELECT TO RECEIVE A RETURN OF THE MEMBER'S CONTRIBUTIONS.

24 C. THE AMOUNT DETERMINED PURSUANT TO SUBSECTION A OR B ACCUMULATES
25 COMPOUND INTEREST AT A RATE THAT IS DETERMINED BY THE BOARD.

26 D. D. Withdrawal of contributions with interest constitutes a
27 withdrawal from membership in ASRS and results in a forfeiture of all other
28 benefits under ASRS.

29 E. E. Notwithstanding any other provision of this article, a member
30 who has not received a return of contributions pursuant to this section may
31 combine any two or more periods of service for purposes of determining the
32 member's benefits.

33 F. F. If a member receives more than the amount due to a member
34 pursuant to this section, the member shall repay the amount of the
35 overpayment together with interest at the interest rate earned on ASRS
36 investments as reported on a quarterly basis, but not less than the valuation
37 rate established by the board, from the time of overpayment to the settlement
38 of the debt.

39 Sec. 2. Section 38-742, Arizona Revised Statutes, is amended to read:

40 38-742. Reinstate

41 A. If an active member who received a return of contributions on
42 termination of employment and by receipt of those contributions forfeited
43 credited service earned on that employment, as provided in section 38-740,
44 subsection A OR B, is subsequently reemployed by an employer, the member's

1 service shall be credited only from the date the member's most recent
2 reemployment period commenced.

3 B. Notwithstanding subsection A of this section, the member may
4 redeposit the amount of the contributions the member received at the time of
5 the member's separation from service, with interest on that amount to the
6 date of redeposit at the interest rate assumption approved by the board for
7 actuarial equivalency. On satisfaction of this obligation, the member's
8 service credits acquired by the previous employment shall be reinstated. If
9 a member redeposits less than the amount required under this subsection, ASRS
10 shall proportionately reduce the member's reinstated service credits.

11 C. A member who is receiving benefits pursuant to section 38-797.07
12 and who received a return of contributions on termination of employment and
13 by receipt of those contributions forfeited credited service earned on that
14 employment, as provided in section 38-740, subsection A OR B, may redeposit
15 the amount of the contributions the member received at the time of the
16 member's previous separation from service, with interest on that amount to
17 the date of redeposit at the interest rate assumption approved by the board
18 for actuarial equivalency. On redeposit of the contributions and interest,
19 the member's service ~~credit~~ CREDITS acquired by the previous employment shall
20 be reinstated. If a member redeposits less than the amount required under
21 this subsection, ASRS shall proportionately reduce the member's reinstated
22 service credits.

23 Sec. 3. Appropriation; purpose

24 The sum of \$104,000 is appropriated from the Arizona state retirement
25 system administration account in fiscal year 2006-2007 to the Arizona state
26 retirement system for the administrative implementation of this act.